

STATE OF NEW YORK  
DEPARTMENT OF TAXATION AND FINANCE  
BOARD OF CONFEREEES - CORPORATION TAX BUREAU

In the Matter of the Applications of

NATIONAL BLANK BOOK COMPANY

for revision or refund of franchise  
taxes under Article 9A of the Tax  
Law for the fiscal years ended  
November 30, 1961, 1962 and 1963.

Hearing Case No. 3619

The taxpayer computed and paid the following taxes:

	<u>11/30/61</u>	<u>11/30/62</u>	<u>11/30/63</u>
Entire Net Income	\$1,635,678.86	\$1,195,304.00	\$1,482,870.00
Business allocation	02.42376%	02.305%	01.519%
New York base	39,644.93	27,552.00	22,472.00
Tax at 5½%	\$ 2,180.47	\$ 1,515.36	\$ 1,236.00

Timely applications were filed on November 16, 1964, together with  
GT-245 for the years involved disclaiming liability for the franchise tax.

Information submitted on the applications, forms GT 245, and a  
recently conducted field audit by the Albany District Office indicates the  
following facts:

The taxpayer was incorporated under the laws of Massachusetts on  
November 30, 1927 and began business in New York in December 1927.

The taxpayer is engaged in the business of manufacturing and sell-  
ing blank books and loose leaf devices. The taxpayer manufactures its  
products at plants located in Holyoke, Massachusetts; Chicago, Illinois,  
and Los Angeles, California. Sales offices and warehouses are maintained  
by the taxpayer in New York City, Atlanta, Georgia, and Dallas, Texas.

On December 1, 1960 the taxpayer discontinued maintaining a ware-  
house in New York City. After that date the activities of the taxpayer  
in New York consisted of the following:

1. Sales office in New York City staffed by 21 employees  
for the solicitation of orders in New York and neighboring  
states. The orders are transmitted to Holyoke, Mass. where  
the functions of credit extension, order processing,  
delivery, billing and collection are performed.
2. Display of goods at sales office.
3. Lease of three rooms in New York City for an executive  
office, at which Directors meetings are occasionally held.

Approved  
JAMES R. MACDUFF  
2/19/65

Approved  
IRA J. PALESTIN  
2/25/65

Based on the foregoing, the taxpayer is not subject to the New York franchise tax because its sole activities in New York are in interstate commerce. See section 1.6 (formerly Art.141) of the Ruling of Tax Commission, Example one.

Accordingly, this Board recommends that the taxes paid for the privilege periods begun December 1, 1960, 1961 and 1962 be refunded.

/s/

WILLIAM F. SULLIVAN

Chairman

/s/

DONALD H. GILHOOLY

WFS:MB

February 11, 1965